

ORIGINAL

NEW APPLICATION



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BEFORE THE ARIZONA CORPORATION
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Arizona Corporation Commission

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W-20689A-11-0252
W-20810A-11-0252

IN THE MATTER OF (i) THE APPLICATION)
OF GARY SMYTH, AN INDIVIDUAL, TO)
TRANSFER WATER SYSTEM ASSETS AND)
CERTIFICATE OF CONVENIENCE AND)
NECESSITY TO TIERRA LINDA WATER)
COMPANY, INC.; AND, (ii) THE)
APPLICATION OF TIERRA LINDA WATER)
COMPANY, INC. FOR AUTHORIZATION TO)
ISSUE STOCK TO ACQUIRE SAID WATER)
SYSTEM ASSETS AND CERTIFICATE OF)
CONVENIENCE AND NECESSITY)

DOCKET NO. W-04236A- - -
APPLICATION(S) FOR (i)
AUTHORIZATION TO TRANSFER
WATER SYSTEM ASSETS, AND (ii)
AUTHORIZATION TO ISSUE
STOCK TO ACQUIRE WATER
SYSTEM ASSETS

I.

SUMMARY OF APPLICATION(S)

Pursuant to A.A.C. R14-2-402(D), Gary Smyth ("Smyth"), an individual, files his Application for an appropriate order from the Commission authorizing him to transfer the water system assets and certificate of convenience and necessity ("CC&N") which were the subject of the Commission's December 10, 2010 Decision No. 72002 in Docket Nos. W-02689A-00-0327 and W-0436A-09-0327 to Tierra Linda Water Company, Inc. ("Tierra Linda"), a recently organized for-profit Arizona corporation.

Pursuant to A.R.S. §§ 40-301 et seq. Tierra Linda files its Application for an appropriate order from the Commission authorizing Tierra Linda to issue 501 shares of its common stock to Smyth in consideration of the transfer of the aforesaid water system assets and CC&N to Tierra Linda.

LAWRENCE V. ROBERTSON, JR.
ATTORNEY AT LAW
P.O. Box 1448
Tubac, Arizona 85646
(520) 398-0411

II.

BACKGROUND CIRCUMSTANCES TO INSTANT APPLICATION(S)

A. Satisfaction of Decision No. 72002 Compliance Conditions.

On December 10, 2010 the Commission issued its Decision No. 72002 authorizing Smyth to acquire the water system assets and CC&N previously owned by Tierra Linda Homeowners Association, Inc. ("HOA"). Decision No. 72002 contained six (6) compliance conditions which either have been or soon will be satisfied.

First, and pursuant to the Second Ordering Paragraph in Decision No. 72002,¹ Smyth has been charging the rates and charges for water service previously authorized by the Commission for the HOA since the sale of the HOA's water system assets to Smyth closed on April 11, 2011.

Second, and pursuant to the Third Ordering Paragraph of Decision No. 72002, on June 17, 2011 Smyth transmitted to the Commission's Docket Control and the Compliance Section in the Commission's Utilities Division copies of the documentation transferring ownership of the HOA's water system assets to Smyth.

Third, and pursuant to the Fourth Ordering Paragraph of Decision No. 72002, on June 17, 2011 Smyth transmitted to the Commission's Docket Control and the Compliance Section in the Commission's Utilities Division a copy of an electronic communication from the United States Department of Veterans Affairs ("Veterans Affairs") indicating that Veterans Affairs had concluded that

"Planned Urban Developments [such as the Tierra Linda Nueva Subdivision] no longer require approvals. Only condominium projects would require us [Veterans Affairs] to review any changes to the HOA legal documentation."²

As a consequence, the previously contemplated need for Veterans Affairs approval of an amendment to the HOA's CC&Rs, which would allow sale of the water system assets to Smyth, has been obviated.

¹ The First Ordering Paragraph in Decision No. 72002 approved the sale of the HOA's water system assets and the transfer of its CC&N to Smyth, subject to compliance with the conditions set forth in the Second through Seventh Ordering Paragraphs of that decision.

² Decision No. 72002 referred to the Veterans Administration, which name has been changed to the United States Department of Veterans Affairs.

1 Fourth, and with reference to the Fifth Ordering Paragraph of Decision No. 72002,
2 following the Closing of the asset transfer transaction with the HOA on April 11, 2011, Smyth
3 inquired of Pima County as to whether it preferred that the HOA's Public Utility License
4 Agreement with the HOA be initially transferred to Smyth as an individual or directly to a new
5 corporation that Smyth had formed to ultimately own and operate the water system assets he had
6 acquired from the HOA pursuant to Decision No. 72002.³ Pima County responded that it would
7 prefer that Smyth pursue the latter course of action in the interest of administrative efficiency.
8 Accordingly, on May 31, 2011, Tierra Linda filed a Public Utility License Application with Pima
9 County. A copy of that Application, and the accompanying form of Public Utility License
10 Agreement, as executed by Tierra Linda, is attached hereto as Appendix "A" and is incorporated
11 herein by this reference. Copies of the Public Utility License Agreement, following execution by
12 Pima County, will be filed with the Commission's Docket Control following Smyth and Tierra
13 Linda's receipt of the same.⁴

14 Fifth, and pursuant to the Sixth Ordering Paragraph of Decision No. 72002, the HOA
15 filed a proposed Curtailment Plan Tariff with the Commission's Docket Control and the
16 Compliance Section in the Commission's Utilities Division on January 20, 2011. This filing was
17 made by the HOA rather than Smyth, because the water system asset transfer had not occurred
18 and could not occur within the forty-five (45)-day compliance filing deadline prescribed in the
19 Sixth Ordering Paragraph. On May 20, 2011 the Commission's Utilities Division advised the
20 undersigned counsel by letter that the aforesaid Curtailment Plan Tariff had been approved as
21 being in compliance with Decision No. 72002, with an effective date of December 10, 2010. A
22 copy of the May 20, 2011 letter is attached hereto as Appendix "B" and is incorporated herein by
23 this reference.

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25
26 ³ The circumstances surrounding Smyth's decision to form a new corporation for such purpose are discussed in
27 Section II(B) and (C) below. As therein noted, Tierra Linda is the new corporation which Smyth organized.

28 ⁴ In the event that the Commission does not authorize the transfer of water system and assets to Tierra Linda, which
is the subject of these Application(s), Tierra Linda will assign such Public Utility License Agreement as it receives
from Pima County to Smyth.

1 Sixth, and pursuant to the Seventh Ordering Paragraph of Decision No. 72002, on March
2 11, 2011 the HOA filed its 2010 Utilities Division Annual Report for the water system
3 subsequently transferred to Smyth. Page 12 (Water Use Data Sheet) of the report indicates that
4 the water system loss for 2010 was on the order of eight percent (8%), which is below the ten
5 percent (10%) ceiling established by the Commission in Decision No. 72002. Thus, Smyth and
6 Tierra Linda believe that this condition has been satisfied as well.

7 As a consequence of the foregoing, and as previously noted, Applicants believe that each
8 of the six (6) compliance conditions set forth in the Second through Seventh Ordering
9 Paragraphs of Decision No. 72002 either has been or soon will be satisfied.

10 **B. Change in Smyth's Ownership Preference; and Smyth's Application.**

11 Subsequent to the December 10, 2010 issuance of Decision No. 72002, but prior to the
12 April 11, 2011 Closing of the water system asset transfer transaction which was the subject
13 thereof, Smyth concluded that he would prefer to own and operate the water system assets in
14 question through an "S" corporation structure. However, after consultation with the undersigned
15 counsel and the undersigned's consultation with other counsel who are also conversant with the
16 requirements of Title 40 of the Arizona Revised Statutes and the Commission's rules and
17 regulations, it was concluded that the water system assets and the CC&N could not be transferred
18 directly from the HOA to the new corporation which Smyth wished to form. Rather, (i) those
19 assets and the CC&N would first have to be transferred to Smyth pursuant to Decision No.
20 72002; and, (ii) thereafter, they could be transferred to the new corporation by Smyth, subject to
21 the receipt of prior authorization to that effect from the Commission in response to a separate
22 application from Smyth. Accordingly, Smyth's Application herein is intended to achieve that
23 result.

24 **C. Formation of New Corporation; and, Tierra Linda's Application.**

25 On April 18, 2011, the Commission's Corporations Division approved the Articles of
26 Incorporation for Tierra Linda,⁵ which previously had been filed on Smyth's behalf. A copy of
27

28 ⁵ As noted in Section I above, the complete corporate name of Tierra Linda is Tierra Linda Water Company, Inc.

1 Tierra Linda's approved Articles of Incorporation is attached hereto as Appendix "C" and is
2 incorporated herein by this reference. As may be noted therefrom, Smyth is both a Director and
3 the President of Tierra Linda. In addition, the corporation's Articles of Incorporation authorize it
4 to issue up to 1,000 shares of common stock. In that regard, Smyth has contemplated the
5 issuance of 501 shares of common stock by Tierra Linda as consideration for his transfer of the
6 water system assets and CC&N acquired by him from the HOA to Tierra Linda. This level of
7 ownership also would insure his control of Tierra Linda.

8 However, because Tierra Linda would become a public service corporation under
9 Arizona law by reason of its acquisition and operation of the aforesaid water system assets and
10 CC&N, Smyth and Tierra Linda have concluded that it is appropriate (if not mandatory) that
11 Tierra Linda receive prior authorization from the Commission pursuant to A.R.S. § 40-301 et
12 seq. before Tierra Linda issues any of its stock for the aforesaid purpose. In the event of such
13 authorization and issuance, Smyth would become the sole shareholder and owner of Tierra
14 Linda's outstanding stock, and Tierra Linda would become the owner of the water system assets
15 and CC&N recently acquired by Smyth from the HOA. Accordingly, Tierra Linda's Application
16 herein is intended to achieve that result.

17 III.

18 COMPLIANCE WITH A.A.C. R14-2-402(D)

19 A. Compliance with A.A.C. R14-2-401(D)(2)(a) and (d).

20 Smyth's contact information is as follows:

21 Gary Smyth
22 P.O. Box 14858
23 Tucson, Arizona 85732
24 Phone: (520) 398-9815
Fax: (520) 838-8778

25 Tierra Linda's contact information is as follows:

26 Tierra Linda Water Company, Inc.
27 P.O. Box 14858
Tucson, Arizona 85732
28 Phone: (520) 495-5771
Fax: (520) 838-8778

1 **B. Compliance with A.A.C. R14-2-(D)(2)(b).**

2 Attached hereto as Appendix "D" and incorporated herein by this reference is a list of the
3 water system assets acquired by Smyth from the HOA, which Smyth herein proposes to transfer
4 to Tierra Linda.

5 **C. Compliance with A.A.C. R14-402(D) (2)(c).**

6 Given that Smyth only acquired the water system assets previously owned by the HOA
7 on April 11, 2011, he does not as yet have a 12-month accounting period upon which he could
8 predicate an income statement relating to his ownership and operation of those water system
9 assets. However, in support of his financial condition and substantial solvency, attached hereto
10 as Appendix "E" and incorporated herein by this reference is a copy of Smyth's personal
11 financial statement as of April 28, 2011.

12 **D. Compliance with A.A.C. R14-402(D) (2)(e).**

13 A description of the terms and conditions of the proposed transfer of the water system
14 assets acquired by Smyth from the HOA to Tierra Linda is set forth in Sections I and II above of
15 the Instant Application(s).

16 **E. Compliance with A.A.C. R14-402(D) (2)(f).**

17 Commission authorization of the proposed transfer of the subject water system assets
18 would not change in any manner the nature of the water utility services which would otherwise
19 be provided by Smyth as an individual owning and operating the water system assets in question.
20 In that regard, and with reference to page 4, lines 17-19 of Decision No. 72002, Smyth will
21 continue to provide the funding for such arsenic treatment system as may prove to be necessary.
22 Recent test samples have shown an arsenic concentration level below the EPA concentration
23 limit.

24 **F. Compliance with A.A.C. R14-402(D) (2)(g).**

25 The financing of the proposed transaction of the subject water system assets would be
26 accomplished by Tierra Linda's issuance of 501 shares of its common stock to Smyth, as
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discussed in Sections 1 and II above of the Instant Application(s), subject to prior authorization from the Commission pursuant to A.R.S. § 40-301 et seq.

G. Compliance with A.A.C. R14-402(D) (2)(h).

Just as Smyth's acquisition of the HOA's water system assets did not have any effect upon any other water utility, the transfer of those water system assets to Tierra Linda, as proposed in the Instant Application(s), will not have any effect on any other water utility.

H. Compliance with A.A.C. R14-402(D) (2)(i) and (j).

Commission authorization of the water system assets transfer herein proposed would affect the same approximately 60 customers who were the subject of the water system assets transfer authorized in Decision No. 72002. In addition, approval of the proposed transfer will not have any effect on the caliber of water service received by said customers. For all practical purposes, the water system assets will continue to be owned and operated by Smyth.

IV.

SATISFACTION OF "FIT AND PROPER" STANDARD

A review of Decision No. 72002 (and particularly page 3, line 15 – page 4, line 8) readily discloses that the Commission found Smyth "fit and proper" to acquire the water system assets then owned and operated by the HOA. A similar determination presumably would also be applicable to Tierra Linda, given that Smyth would become the sole shareholder and owner of that corporation in the event that the authorization(s) requested in the Instant Application(s) are granted by the Commission. In that regard, and in connection with its consideration of and decision upon the Instant Application(s), Smyth and Tierra Linda hereby request that the Commission take "official notice" of its Decision No. 72002 and the evidentiary record underlying said decision as it pertains to relevant matters raised by the Instant Application(s).

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P.O. Box 1448
Tubac, Arizona 85646
(520) 398-0411

V.

CONCLUSION

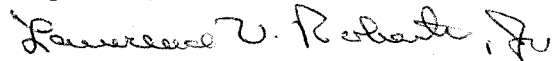
Based upon the circumstances and reasons discussed in Sections I through IV above of the Instant Application(s), Smyth and Tierra Linda hereby request that the Commission issue an appropriate order or orders providing for the following:

- 1) Authorizing Smyth to transfer to Tierra Linda the water system assets listed in Appendix "C" hereto;
- 2) Transferring the CC&N relating to such water system assets from Smyth to Tierra Linda;
- 3) Authorizing Tierra Linda to issue and convey to Smyth 501 shares of Tierra Linda's authorized 1,000 shares of common stock as consideration for the water system assets to be transferred to Tierra Linda by Smyth; and,
- 4) Such other and further relief as determined to be appropriate.

In addition, and in connection with the foregoing, Smyth and Tierra Linda request that the Commission consider issuing the aforesaid order or orders without the necessity of a hearing, given the relatively recent issuance of Decision No. 72002 and the relative recency of development of the underlying evidentiary record supporting that decision.

Dated this 22nd of June 2011.

Respectfully submitted,



Lawrence V. Robertson, Jr.
Attorney for Gary Smyth and
Tierra Linda Water Company, Inc.

The original and thirteen (13) copies of the foregoing Application will be mailed for filing the 23rd day of June 2011 to:

Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

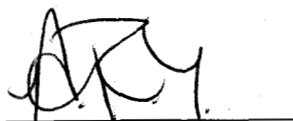
LAWRENCE V. ROBERTSON, JR.
ATTORNEY AT LAW
P.O. Box 1448
Tubac, Arizona 85646
(520) 398-0411

1 A copy of the foregoing Application will be
2 emailed or mailed that same date to:

3 Lyn A. Farmer,
4 Chief Administrative Law Judge
5 Hearing Division
6 Arizona Corporation Commission
7 1200 West Washington Street
8 Phoenix, Arizona 85007

7 Steve Olea, Director
8 Utilities Division
9 Arizona Corporation Commission
10 1200 West Washington Street
11 Phoenix, Arizona 85007

11 Janice M. Alward, Chief Legal Counsel
12 Legal Division
13 Arizona Corporation Commission
14 1200 W Washington
15 Phoenix, AZ 85007-2927

14 
15 _____

Appendix “A”

PUBLIC UTILITY LICENSE APPLICATION

APPLICANT INFORMATION:

Name of Licensee: Tierra Linda Water Company, Inc.

Contact Person: Lisa Sullivan


Title: V.P.

Phone: (520) 495-5771 Fax Number: (520) 838-8778

E-Mail Address: lisa@smythindustries.com

Address: PO Box 14858

City/State/Zip: Tucson, AZ 85732



Signature

5/31/11

Date

PIMA COUNTY PUBLIC UTILITY LICENSE AGREEMENT

WHEREAS, this License Agreement is entered into between Pima County, a political subdivision of the State of Arizona (hereinafter "County"), and Tierra Linda Water Company, Inc., an Arizona corporation (hereinafter "Licensee"); and

WHEREAS, Licensee has applied and petitioned to the Board of Supervisors of the County for the right and privilege to construct, install, maintain, and operate Licensee's facilities within the public rights-of-way within Pima County and outside the confines of any incorporated city or town as required by A.R.S. § 40-283; and

WHEREAS, notice of the County's intent to enter into this agreement has been duly given as required by law; and

WHEREAS, said application came before the Board of Supervisors of the County of Pima, State of Arizona, and no petition to the Board of Supervisors to deny such privilege was filed or presented to the Board; and

WHEREAS, it being determined by the Board of Supervisors that the granting of this License is authorized by law and in the best interests of Pima County and the inhabitants thereof;

THEREFORE, the County and Licensee agree to the following:

Section 1. Grant of License. Licensee is hereby authorized and empowered, on a non-exclusive basis, to use all County public rights-of-way now existing or hereafter established and lying within the unincorporated areas of Pima County, under the terms and conditions set forth herein, for the purpose of installing, repairing, replacing, and maintaining its facilities.

Section 2. Term. This License is granted for a term of fifteen (15) years from the date this License is approved by the Board of Supervisors and extinguishes, supersedes and replaces all preceding franchises or licenses granted to Licensee by County.

Section 3. Regulation of County Rights-of-Way. All rights hereunder are granted under the express condition that County shall have the power at any time to impose restrictions and limitations, and to make regulations as to Licensee's use of the County's rights-of-way as may be deemed best for the public interests, safety or welfare.

Section 4. Superior Rights. The rights of County in and to the use of all public rights-of-way located within the unincorporated areas of Pima County are and forever shall be paramount and superior to the rights of Licensee.

Section 5. Alteration of Public Rights-of-Way. Nothing in this License shall be construed to prevent County from, altering, improving, adjusting, repairing, or maintaining its facilities and public rights-of-way and for that purpose to require Licensee to adjust, remove, replace or relocate Licensee's facilities to accommodate or facilitate the County's use of its facilities or rights-of-way. Facilities of Licensee shall mean any physical object or improvement owned, possessed, made, installed, constructed or maintained by Licensee or made, installed or constructed by County or others at the request of Licensee. Facilities of County shall mean any physical object or improvement owned, possessed, made, installed, maintained or constructed by County or others at the request of County, including all paving, highway, transportation, flood control and wastewater facilities located within County rights-of-way.

Section 6. Non-Exclusive Use. Nothing in this agreement shall be construed to grant Licensee an exclusive right to use the public rights-of-way. Licensee's facilities shall be erected, adjusted, installed, replaced, removed, relocated and maintained in a manner that will not interfere with the reasonable use of the public rights-of-way by the public, the County, or any other franchisee or licensee. The location of Licensee's facilities in the public rights-of-way shall not create or establish a vested interest in the rights-of-way and its facilities shall be removed or relocated by Licensee whenever County determines that Licensee's facilities impact, restrict, obstruct or hinder the County or the public's existing or future use of the rights-of-way or the County's operation or location of County facilities.

Section 7. Relocation. Licensee shall be solely responsible for the design, adjustment, removal or relocation, temporarily or permanently, of all Licensee's facilities that impact, conflict or interfere with the County's use of its rights-of-way or the County's improvement, relocation or adjustment of any facilities located in County rights-of-way. The cost of designing, adjusting, removing, relocating or replacing Licensee's facilities shall be Licensee's sole responsibility, unless Licensee has established prior rights with the County for the facilities to be affected. Prior to beginning any activity in the County rights-of-way, Licensee shall obtain all required permits from the County and any other applicable jurisdiction for the activity. The Licensee's facilities shall be adjusted, removed, replaced or relocated by Licensee in accordance with an activity schedule determined by County and provided to Licensee within a reasonable period of time prior to the scheduled activity start date. If the schedule is unacceptable to the Licensee or Licensee finds it necessary to plead financial hardship regarding the cost of relocating its facilities, the Licensee may appeal to the Board of Supervisors. If Licensee's facilities are not adjusted, removed, replaced or relocated within the time period allotted by the County's activity schedule, County may, at its discretion, adjust or relocate Licensee's facilities. Licensee hereby agrees to be liable for all costs incurred by County for the adjustment or relocation of Licensee's facilities necessitated by County's activities, including overhead and maintenance costs and an administrative surcharge in the amount of fifteen (15) percent of the total cost attributed to the adjustment or relocation of Licensee's facilities. In the event County incurs such costs, County shall submit a bill to Licensee for the incurred costs, and Licensee shall pay County the invoiced amount within ninety (90) calendar days of receipt of the invoice. If the invoice is not timely

paid by Licensee, all rights granted to Licensee under this agreement shall be suspended and no permits will be issued to Licensee for any work within the County rights-of-way until the invoiced costs are paid in full to County.

Section 8. Undergrounding. The parties acknowledge that County has the authority to require Licensee to underground its above ground facilities in County rights-of-way when the County determines that undergrounding of Licensee's facilities is necessary to conform to existing County Ordinances or is in the public interest. The County may require Licensee to conduct a study of the cost of undergrounding any portion or segment of Licensee's facilities located in the County rights-of-way. The study shall set forth an estimate of the costs of undergrounding Licensee's facilities including a breakdown of the cost allocated to labor, material, design and construction for converting above ground facilities to underground facilities. The Licensee shall submit a cost study for any specified segment of Licensee's facilities within ninety (90) calendar days after receiving written notice from County requesting the cost study. The cost of preparing and providing any cost study requested by County shall be borne by the Licensee.

Section 9. Scenic Routes. The installation of Licensee's facilities within any public rights-of-way designated by the Board of Supervisors as a scenic route must be constructed in accordance with the County's Scenic Routes Ordinance.

Section 10. Performance of Work. The work required by Licensee to design, construct, reconstruct, pothole for design, adjust, relocate, replace or repair Licensee's facilities shall be Licensee's sole responsibility. The cost of any delays to County projects caused by Licensee's failure to complete its work in accordance with the County's activity schedule shall be the Licensee's sole responsibility. In the event County incurs such costs, County shall submit a bill to Licensee for the incurred costs and Licensee shall pay County the invoiced amount within ninety (90) calendar days of receipt of the invoice. If the invoice is not timely paid by Licensee, all rights granted to Licensee under this agreement shall be suspended and no permits will be issued to Licensee for any work within the County rights-of-way until the invoiced costs are paid in full to County.

Section 11. Location of Facilities. As a condition of this License, Licensee hereby agrees to have and maintain precise, up-to-date maps of Licensee's facilities located in County rights-of-way and to make this information available to County within fifteen (15) calendar days of receiving a written request from the County. Beginning on the effective date of this Agreement, Licensee shall maintain precise and verifiable horizontal and vertical location information tied to an accepted County datum and provide such information to the County within fifteen (15) calendar days of receiving written notice from County. As a condition of the issuance of this License, Licensee agrees to provide surface location marking of Licensee's undergrounded facilities located within the public rights-of-way within two working days of a request from the County. In the event the Licensee is unable to provide the location information to County within the allotted time frame, County may, at its discretion, locate Licensee's facilities and Licensee shall be liable for the cost incurred in locating Licensee's facilities.

Section 12. Work in Rights-of-Way.

12.1. *Damage to other facilities.* In the construction, adjustment, removal, relocation, repair, operation and maintenance of its facilities, Licensee shall avoid causing or permitting any damage, disturbance or unnecessary modification or alteration to County facilities including pavement, or the facilities of others, located in the County rights-of-way. If Licensee causes or permits any such damage, disturbance or unnecessary alteration or modification, Licensee, at its sole expense and in a manner approved by the County Engineer, shall restore the damaged, disturbed, altered, or modified facilities to the condition in which they existed before being damaged, disturbed, modified, or altered. Licensee shall also be liable to owners of said facilities for any other losses or expenses which may accrue because of said damage, disturbance, modification or alteration. The restoration of facilities shall be initiated promptly and completed expeditiously by Licensee, who shall give priority to the restoration, repair or replacement of such facilities over all non-emergency activities of Licensee.

12.2. *Damage to vegetation.* In the construction, adjustment, removal, relocation, repair, operation and maintenance of its facilities, Licensee shall use all necessary care to avoid any damage to or disturbance of existing vegetation in the public rights-of-way. If Licensee causes or permits any such damage or disturbance, Licensee shall re-vegetate the rights-of-way at its sole expense and in accordance with all County regulations then in effect.

12.3. *Adjacent properties.* Licensee shall provide prior written notice to the owners or residents of adjoining properties of any activity of Licensee which may temporarily interfere with access to or use of said adjoining property. Licensee shall maintain access to adjoining properties during all construction activities or other operations, unless the requirement of access is waived in writing by the owners and residents of adjoining properties. If an emergency requires activity without written notice, Licensee shall use its best efforts to provide timely actual notice to the owners and residents of the adjoining properties.

Section 13. Design and Location of Facilities.

13.1. Licensee shall use reasonable care at all times to avoid damage or injury to persons and property during the construction, adjustment, removal, relocation, repair, operation and maintenance of Licensee's facilities.

13.2. The location and construction of Licensee's facilities in public rights-of-way shall conform to County standards and guidelines then in effect and as may be directed by County, in order not to interfere with a planned future use of the public rights-of-way by the County.

13.3. Licensee's facilities shall be located in a manner designed to cause the least amount of interference with the public's existing or future use of roads, streets, alleys and other public rights-of-way and in such a way as will minimize interference with the rights and convenience of adjacent property owners.

13.4. County may require Licensee to remove, relocate or underground, at Licensee's sole expense, any of Licensee's facilities that present a potential hazard to the public, that

interfere with the public's use of the public rights-of-way, or are determined by County to be aesthetically undesirable.

13.5. Licensee shall be responsible for notifying owners or residents of adjoining properties in writing about permanent or temporary above or below ground facilities to be constructed in the County rights-of-way. Licensee shall make every reasonable effort to resolve the concerns of property owners and residents regarding the construction of Licensee's facilities. Should the County determine that Licensee failed to reasonably evaluate all options available to alleviate residents concerns, County may require the Licensee to relocate its facilities at Licensee's sole expense.

13.6. Licensee shall be responsible for the cost to excavate in a "careful and prudent manner" Licensee's underground facilities pursuant to A.R.S. § 40-360.21 and § 40-360.22A on all County construction projects occurring within County rights-of-way.

Section 14. Construction Safety. Any opening or obstruction in the public rights-of-way caused by Licensee during the course of Licensee's activities in the rights-of-way shall be guarded and protected at all times by safety barriers erected by Licensee which shall be clearly designated by warning lights during periods of dusk and darkness. Any work performed by Licensee in or adjacent to a public roadway open for travel shall be properly signed and marked by Licensee with warning and directional devices in accordance with all applicable state and local traffic regulations and in accordance with the Arizona Department of Transportation's Traffic Control Manual for Highway Construction and Maintenance.

Section 15. Drainage. During construction or excavation in the public rights-of-way, Licensee shall provide proper drainage so that the public rights-of-way will be free from standing surface water and adequately drained so as not to cause flood or erosion damage to the facilities of the County or surrounding property. Licensee may be required, at the request of the County, to submit drainage engineering data and design plans to the County for review and approval prior to the issuance of any Right-of-Way Use Permit by County.

Section 16. Issuance of Permit not County Approval. County's review, approval or acceptance of plans or specifications or issuance of a permit for the installation, construction or location of a facility by Licensee shall not be construed to be an authorization for or approval of a violation of any federal, state or local law or regulation, or any industry standard, pertaining to the location or construction of a utility facility in public rights-of-way. No permit or approval presuming to give such authority shall be valid or otherwise relieve Licensee of its obligations under this License regarding the location and construction of facilities.

Section 17. County Inspection. County, if it deems necessary, has the right to inspect any work by Licensee in the public rights-of-way to insure proper performance of the terms of this License and conformance with any applicable federal, state and local laws, ordinances and regulations. County may require Licensee to pay a reasonable and uniform fee to cover the actual costs of inspections performed by County or its contractor under this provision. County may, at its discretion, pothole Licensee's facilities to verify conformance with *Section 11. Location of Facilities* of this License. Licensee shall be liable for the cost of potholing and an

administrative surcharge in the amount of fifteen (15) percent of the total cost of potholing should Licensee's facilities be out of conformance. Licensee shall be responsible for taking corrective action to bring as-builts into conformance with verified facilities.

Section 18. Abandonment of Facilities. Abandonment in place, of any of Licensee's facilities located within the County rights-of-way may only occur by acquiring written approval from the County.

Section 19. Liability and Indemnity. Licensee acknowledges its sole liability for its facilities installed in the public rights-of-way and for any activities it performs within the public rights-of-way. Licensee agrees to indemnify, hold harmless, and defend the County, its officials, agents, servants, and employees against all claims for injuries to persons or damage to property arising out of Licensee's work in the public rights-of-way or due to the existence of Licensee's facilities in the public rights-of-way, or in any way related to Licensee's exercise of its rights under this License. Neither the issuance of a County permit for installation or location of a facility, nor County approval of the activity, installation or location, nor the failure of the County to direct Licensee to take any precautions or make any changes or to refrain from doing anything shall excuse Licensee of its responsibilities hereunder to County or others in the case of any injury to persons or damage to property. If County is sued in any court by any person, firm, association or corporation to recover damages for injuries to person or property on account of the installation, repairing, operation and maintenance of facilities of Licensee, Licensee shall defend all such suits and pay any resulting judgments and shall, at the option of County, be made a party to any such court proceeding.

Section 20. County Participation in Legal Actions. The County shall have the right at all times to take part in any suit or action instituted by or against Licensee in which any judgment or decree can be rendered or foreclosing any lien on any of Licensee's property situated within public rights-of-way, or affecting the rights, powers or duties of Licensee to do or not to do anything which by this License it may be required to do or not to do, and also to take such steps as the County may deem essential to protect the interests of County or the public interest. County shall have the right to intervene in any suit, action, or proceeding by any person or persons, firm or corporation seeking to enjoin, restrain, or in any manner interfere with Licensee in the performance or observance by it of any of the terms or conditions of this License, or any regulation, notice or direction of County in such connection, or which involves or might involve the constitutionality, validity or enforcement of this License. County may also move for dissolution of any such injunction or restraining order or take any other appropriate step, in any such suit, action or proceeding which it may deem necessary or advisable to protect its interests.

Section 21. Compliance with License Conditions and Ordinances. Licensee agrees to conform to, abide by, and perform all the conditions, provisions, requirements, and limitations in this License Agreement. Licensee shall be subject to all County ordinances now in force or hereafter adopted, including all ordinances relating to the use of public rights-of-way by utilities. Licensee agrees that it will not assert any claim against the County that the provisions of this License or any applicable County ordinance or regulation in force at the time of execution of this License are unreasonable, arbitrary or void.

Section 22. Non-Exclusive License. This License and the privileges granted herein shall not be exclusive. The Board of Supervisors expressly reserves the right to grant, at any time, similar franchises, licenses and privileges over the same highways, roads, streets, alleys, and thoroughfares, or any thereof, to any other persons, firms or corporations.

Section 23. Assignment. Licensee hereby agrees that neither this License nor any of Licensee's facilities in the County rights-of-way shall be sold, assigned, or transferred without the prior written approval of the Pima County Board of Supervisors. The decision to approve or deny the sale, assignment or transfer of this License shall be within the sole discretion of the Board of Supervisors and the Board may deny Licensee's request to sell, assign or transfer the License if such denial is in the best interests of the County.

Section 24. County's Contact Information. All notices or contact concerning this License shall be provided in writing to:

Pima County Real Property Services
201 North Stone, 6th Floor
Tucson, Arizona 85701
(520) 740-6313

Section 25. Licensee's Contact Information. Any change in any of the Licensee's contact information below shall be made in writing to the County.

Name: Tierra Linda Water Company by Lisa Sullivan

Title: V.P.

Address: PO Box 14858, Tucson, AZ 85732

Phone: (520) 495-5771

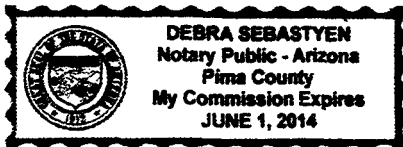
LICENSEE: TIERRA LINDA WATER
COMPANY, INC., AN
ARIZONA CORPORATION

By: [Signature]

Title: V.P.

State of Arizona)
)
County of Pima) SS

This instrument was acknowledged before me this 31 day of May, 2011,
by Misa Sullivan, as V. P.
of Tierra Linda Water Company, Inc., an Arizona corporation.



[Signature: Debra Sebastyen]
Notary Public

My Commission Expires:

June 1, 2014

PIMA COUNTY, ARIZONA

Chairman, Pima County Board of Supervisors

Date: _____

ATTEST:

Clerk, Pima County Board of Supervisors

Approved as to form:

Neil J. Konigsberg
Deputy County Attorney

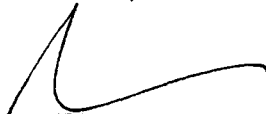
CORPORATE RESOLUTION

I, the undersigned, hereby certify that I am the Secretary of Tierra Linda Water Company, Inc. a corporation duly organized and existing under and by virtue of the laws of the State of Arizona ; that I am the keeper of the corporate records of this Corporation and that as such, I am authorized to execute this certification on behalf of this Corporation; that the following is a true, correct and compared copy of a resolution duly adopted and ratified at a meeting of the Board of Directors of this Corporation, duly called and held on May 1, 2011 , in accordance with its charter and by-laws, at which meeting a quorum was present and acting throughout; that said resolution has not been in any way amended, annulled, modified, rescinded or revoked, but is in full force and effect.

Resolved, that the President and Vice President of this Corporation are hereby authorized in the name of this Corporation to execute applications, bank accounts, permits, and license agreements.

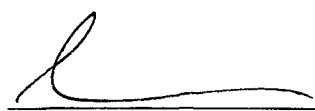
I further certify that the Board of Directors of this Corporation has, and at the time of adoption of this resolution had, full power and lawful authority to adopt the foregoing resolution and to confer the powers granted to the persons named who have full power and lawful authority to exercise the same.

IN WITNESS WHEREOF, I hereunto subscribe my name this 1st day of May, 2011.



Secretary

Attest:



Vice President



Treasurer

Appendix “B”

COMMISSIONERS
GARY PIERCE - Chairman
BOB STUMP
SANDRA D. KENNEDY
PAUL NEWMAN
BRENDA BURNS



ERNEST G. JOHNSON
Executive Director

ARIZONA CORPORATION COMMISSION RECEIVED

May 20, 2011

2011 MAY 20 P 2: 56

AZ CORP COMMISSION
DOCKET CONTROL

Mr. Lawrence V. Robertson, Jr.
Attorney At Law
Post Office Box 1448
Tubac, Arizona 85646

RE: GARY SMYTH DBA TIERRA LINDA HOMEOWNERS ASSOCIATION, INC.
DOCKET NOS. W-20689A-09-0327 AND W-04236A-09-0327
DECISION NO. 72002

Notice of Compliance

Dear Mr. Robertson:

Enclosed is a stamped copy of the tariffs that were approved as being in compliance to the above Decision, with an effective date of December 10, 2010. (Curtaiment Plan Tariff)

If you have questions regarding the filing of these tariffs, please contact me at (602) 364-1608.

Sincerely,

A handwritten signature in black ink that reads "Tanya D. Pitre".

Tanya D. Pitre
Administrative Assistant II
Utilities Division

RECEIVED

/tdp

Enclosures

cc: Delbert Smith – Engineering Supervisor
Docket Control Center

Lawrence V. Robertson, Jr.

TARIFF SCHEDULE

ORIGINAL

Utility: Tierra Linda Homeowners Association, Inc.
Docket No.: W-20689A-09-0327 et al.
Phone No.: (520) 529-1330

Tariff Sheet No.: 1 of 4
Decision No.: 72002
Effective: _____

CURTAILMENT PLAN FOR: Tierra Linda Homeowners Association, Inc.
(Template 102109)

ADEQ Public Water System No: 10411

Tierra Linda Homeowners Association, Inc. ("Company"), is authorized to curtail water service to all customers within its certificated area under the terms and conditions listed in this tariff.

This curtailment plan shall become part of the Arizona Department of Environmental Quality Emergency Operations Plan for the Company.

The Company shall notify its customers of this new tariff as part of its next regularly scheduled billing after the effective date of the tariff or no later than sixty (60) days after the effective date of the tariff.

The Company shall provide a copy of the curtailment tariff to any customer, upon request.

Stage 1 Exists When:

Company is able to maintain water storage in the system at 100 percent of capacity and there are no known problems with its well production or water storage in the system.

Restrictions: Under Stage 1, the Company is deemed to be operating normally and no curtailment is necessary.

Notice Requirements: Under Stage 1, no notice is necessary.

Stage 2 Exists When:

- a. Company's water storage or well production has been less than 80 percent of capacity for at least 48 consecutive hours, and
- b. Company has identified issues such as a steadily declining water table, increased draw down threatening pump operations, or poor water production, creating a reasonable belief the Company will be unable to meet anticipated water demand on a sustained basis.

Restrictions: Under Stage 2, the Company may request the customers to voluntarily employ water conservation measures to reduce water consumption by approximately 50 percent. Outside watering should be limited to essential water, dividing outside watering on some uniform basis (such as even and odd days) and eliminating outside watering on weekends and holidays.

APPROVED FOR FILING

DECISION #: 72002

Revised October 21, 2009

TARIFF SCHEDULE

ORIGINAL

Utility: Tierra Linda Homeowners Association, Inc.
Docket No.: W-20689A-09-0327 et al.
Phone No.: (520) 529-1330

Tariff Sheet No.: 2 of 4
Decision No.: 72002
Effective: _____

Notice Requirements: Under Stage 2, the Company is required to notify customers by delivering written notice door to door at each service address, or by United States first class mail to the billing address or, at the Company's option, both. Such notice shall notify the customers of the general nature of the problem and the need to conserve water.

Stage 3 Exists When:

- a. Company's total water storage or well production has been less than 50 percent of capacity for at least 24 consecutive hours, and
- b. Company has identified issues such as a steadily declining water table, increased draw down threatening pump operations, or poor water production, creating a reasonable belief the Company will be unable to meet anticipated water demand on a sustained basis.

Restrictions: Under Stage 3, the Company shall request the customers to voluntarily employ water conservation measures to reduce daily consumption by approximately 50 percent. All outside watering should be eliminated, except livestock, and indoor water conservation techniques should be employed whenever possible. Standpipe service shall be suspended.

Notice Requirements:

1. Company is required to notify customers by delivering written notice to each service address, or by United States first class mail to the billing address or, at the Company's option, both. Such Notice shall notify the customers of the general nature of the problem and the need to conserve water.
2. Beginning with Stage 3, the Company shall post at least three (3) signs showing the curtailment stage. Signs shall be posted at noticeable locations, like at the well sites and at the entrance to major subdivisions served by the Company.
3. The Company shall notify the Consumer Services Section of the Utilities Division of the Corporation Commission at least 12 hours prior to entering Stage 3.

Once Stage 3 has been reached, the Company must begin to augment the supply of water by either hauling or through an emergency interconnect with an approved water supply in an attempt to maintain the curtailment at a level no higher than Stage 3 until a permanent solution has been implemented.

APPROVED FOR FILING

DECISION #: 72002

Revised October 21, 2009

TARIFF SCHEDULE

ORIGINAL

Utility: Tierra Linda Homeowners Association, Inc.
Docket No.: W-20689A-09-0327 et al.
Phone No.: (520) 529-1330

Tariff Sheet No.: 3 of 4
Decision No.: 72002
Effective: _____

Stage 4 Exists When:

- a. Company's total water storage or well production has been less than 25 percent of capacity for at least 12 consecutive hours, and
- b. Company has identified issues such as a steadily declining water table, increased draw down threatening pump operations, or poor water production, creating a reasonable belief the Company will be unable to meet anticipated water demand on a sustained basis.

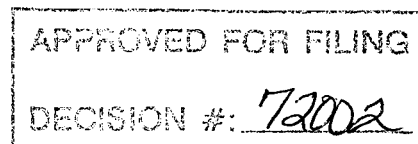
Restrictions: Under Stage 4, Company shall inform the customers of a **mandatory** restriction to employ water conservation measures to reduce daily consumption. Failure to comply will result in customer disconnection. The following uses of water shall be prohibited:

- Irrigation of outdoor lawns, trees, shrubs, or any plant life is prohibited
- Washing of any vehicle is prohibited
- The use of water for dust control or any outdoor cleaning uses is prohibited
- The use of drip or misting systems of any kind is prohibited
- The filling of any swimming pool, spas, fountains or ornamental pools is prohibited
- The use of construction water is prohibited
- Restaurant patrons shall be served water only upon request
- Any other water intensive activity is prohibited

The Company's operation of its standpipe service is prohibited. The addition of new service lines and meter installations is prohibited.

Notice Requirements:

1. Company is required to notify customers by delivering written notice to each service address, or by United States first class mail to the billing address or, at the Company's option, both. Such notice shall notify the customers of the general nature of the problem and the need to conserve water.
2. Company shall post at least three (3) signs showing curtailment stage. Signs shall be posted at noticeable locations, like at the well sites and at the entrance to major subdivisions served by the Company.
3. Company shall notify the Consumer Services Section of the Utilities Division of the Corporation Commission at least 12 hours prior to entering Stage 4.



Revised October 21, 2009

TARIFF SCHEDULE

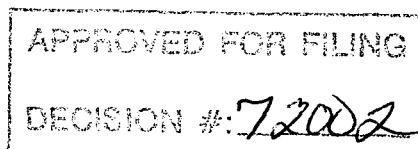
ORIGINAL

Utility: Tierra Linda Homeowners Association, Inc.
Docket No.: W-20689A-09-0327 et al.
Phone No.: (520) 529-1330

Tariff Sheet No.: 4 of 4
Decision No.: 72002
Effective: _____

Once Stage 4 has been reached, the Company must augment the supply of water by hauling or through an emergency interconnect from an approved supply or must otherwise provide emergency drinking water for its customers until a permanent solution has been implemented.

Customers who fail to comply with the above restrictions will be given a written notice to end all outdoor use. Failure to comply with two (2) working days of receipt of the notice will result in temporary loss of service until an agreement can be made to end unauthorized use of outdoor water. To restore service, the customer shall be required to pay all authorized reconnection fees. If a customer believes he/she has been disconnected in error, the customer may contact the Commission's Consumer Services Section at 1-800-222-7000 to initiate an investigation.



Revised October 21, 2009

Appendix “C”

ARIZONA CORPORATION COMMISSION CORPORATIONS DIVISION COVER SHEET

USE A SEPARATE COVER SHEET FOR EACH DOCUMENT

ARE YOU FILING: ☒ New Entity ☐ Change to existing entity ☐ Re-submission/Correction

PLEASE COMPLETE ALL APPROPRIATE SECTIONS

Type In Corp LLC Name: TIERRA LINDA WATER COMPANY, Inc.

FILING TYPE	REGULAR SERVICE FEE	EXPEDITED SERVICE FEE
<input type="checkbox"/> Articles of Domestication	<input type="checkbox"/> \$100.00	<input type="checkbox"/> \$135.00
<input checked="" type="checkbox"/> Articles of Incorporation (Profit)	<input type="checkbox"/> \$ 60.00	<input checked="" type="checkbox"/> \$ 95.00
<input type="checkbox"/> Articles of Incorporation (Non Profit)	<input type="checkbox"/> \$ 40.00	<input type="checkbox"/> \$ 75.00
<input type="checkbox"/> Articles of Organization (Limited Liability Company)	<input type="checkbox"/> \$ 50.00	<input type="checkbox"/> \$ 86.00
<input type="checkbox"/> Application For Authority (Business)	<input type="checkbox"/> \$175.00	<input type="checkbox"/> \$210.00
<input type="checkbox"/> Application to Conduct Affairs (Non Profit)	<input type="checkbox"/> \$175.00	<input type="checkbox"/> \$210.00
<input type="checkbox"/> Application for New Authority	<input type="checkbox"/> \$175.00	<input type="checkbox"/> \$210.00
<input type="checkbox"/> Application for Registration	<input type="checkbox"/> \$150.00	<input type="checkbox"/> \$185.00
<input type="checkbox"/> Articles of Amendment	<input type="checkbox"/> \$ 25.00	<input type="checkbox"/> \$ 60.00
<input type="checkbox"/> Articles of Amendment & Restatement	<input type="checkbox"/> \$ 25.00	<input type="checkbox"/> \$ 60.00
<input type="checkbox"/> Articles of Correction	<input type="checkbox"/> \$ 25.00	<input type="checkbox"/> \$ 60.00
<input type="checkbox"/> Articles of Merger/Share Exchange	<input type="checkbox"/> \$100.00	<input type="checkbox"/> \$135.00
<input type="checkbox"/> Articles of Merger (Limited Liability Company)	<input type="checkbox"/> \$ 50.00	<input type="checkbox"/> \$ 85.00
<input type="checkbox"/> Affidavit of Publication	<input type="checkbox"/> \$ 0.00	<input type="checkbox"/> \$ 35.00
<input type="checkbox"/> CORPORATIONS -Certified Copies* <small>*If copies are for different entities the Expedite fee applies to each entity</small>	<input type="checkbox"/> \$5.00 Each () (Enter Quantity)	<input type="checkbox"/> \$40.00 () (Enter Quantity)
<input type="checkbox"/> LLCs - Certified Copies* <small>*If copies are for different entities the Expedite fee applies to each entity</small>	<input type="checkbox"/> \$10.00 Each () (Enter Quantity)	<input type="checkbox"/> \$45.00 () (Enter Quantity)
<input type="checkbox"/> Good Standing Certificate* <small>*If Good Standing Certificates are for different entities the Expedite fee applies to each entity</small>	<input type="checkbox"/> \$10.00 Each () (Enter Quantity)	<input type="checkbox"/> \$45.00 () (Enter Quantity)
<input type="checkbox"/> Other: _____	<input type="checkbox"/> Regular Fee	<input type="checkbox"/> Expedite Fee

SELECT PAYMENT TYPE:

DO NOT WRITE YOUR CREDIT CARD NUMBER ON THIS FORM!

☒ Check

Check # RECEIVED

Check Amount \$ 95.00

☐ M.O.D. Account

MOD Acct # _____

Mod Amount \$ _____

☐ Cash

Cash Amount \$ _____

☐ Credit Card - for in-person filings only

CC Amount \$ _____

☐ No fee required

APR 18 2011
ARIZONA CORP. COMMISSION
CORPORATIONS DIVISION

SELECT ONE RETURN DELIVERY OPTION: ☐ Mail ☐ Pick Up ☒ Fax # (520) 838-8778

REQUIRED: Please list the person or company who will be picking up the completed documents.

DOCUMENTS WILL BE MAILED IF THEY ARE NOT PICKED UP IN A TIMELY MANNER (APPROXIMATELY TWO WEEKS).

Person or Company Name:

Phone Number:

LISA SULLIVAN

520-495-5771

Address:

PO BOX 14858

City:

TUCSON

State:

AZ

Zip:

85732

PICK-UP BY: _____

FOR ARIZONA CORPORATION COMMISSION USE ONLY

DATE: _____

View current process times at: www.azcc.gov/Divisions/Corporations

COMMISSIONERS
GARY PIERCE - Chairman
BOB STUMP
SANDRA D. KENNEDY
PAUL NEWMAN
BRENDA BURNS

**ARIZONA CORPORATION COMMISSION**

ERNEST G. JOHNSON
Executive Director

JEFF GRANT
Director
Corporations Division

April 20, 2011

LISA SULLIVAN
PO BOX 14858
TUCSON, AZ 85732

RE: TIERRA LINDA WATER COMPANY, INC.
File Number: 16748992

We are pleased to notify you that the Articles of Incorporation for the above-referenced entity **HAVE BEEN APPROVED.**

You must publish the Articles of Incorporation in their entirety. The publication must be in a newspaper of general circulation in the county of the known place of business in Arizona for three consecutive publications. A list of acceptable newspapers in each county is enclosed and is also available on the Commission website. Publication must be completed **WITHIN 60 DAYS** after April 20, 2011, which is the date the document was approved for filing by the Commission. The corporation may be subject to administrative dissolution if it fails to publish. You will receive an Affidavit of Publication from the newspaper, and you may file it with the Commission.

Corporations are required to file an Annual Report with the Commission. Your Annual Report is due on 04/18/2012, and on the anniversary of that date each subsequent year. It is your responsibility to file the corporation's Annual Report by the deadline each year. You can visit our website at www.azcc.gov/divisions/corporations to electronically file your annual report. You can also complete the form online, print it out and mail it in, or you can call the Annual Reports section at 602-542-3285.

Corporations must notify the Commission immediately, in writing, if they change their corporate address, statutory agent, or statutory agent address. Address change orders must be signed by a duly authorized corporate officer. A forwarding order placed with the U.S. Postal Service is not sufficient to change your address with the Commission.

We strongly recommend you periodically monitor your corporation's record with the Commission, which can be viewed at www.azcc.gov/Divisions/Corporations. If you have questions or need further information please contact us at (602) 542-3026 in Phoenix, or Toll Free (Arizona residents only) at 1-800-345-5819.

Sincerely,
Deanna Horn
Examiner, Corporations Division

CF:04
REV. 01/2009

AZ CORPORATION COMMISSION
FILED

AZ Corp. Commission



03423619

**DO NOT PUBLISH
THIS SECTION**

APR 18 2011

**ARTICLES OF INCORPORATION
OF**
ARTICLE 1

The corporate name must contain a corporate ending which may be "corporation," "association," "company," "limited," "incorporated" or an abbreviation of any of these words. If you are the holder or assignee of a tradename, attach tradename certificate.

 Pursuant to A.R.S. §10-202
 (An Arizona Business Corporation)
1. Name:

The name of the Corporation is:

Tierra Linda Water Company, Inc.
2. Initial Business:

The Corporation initially intends to conduct the business of:

Water Utility
ARTICLE 2

The name cannot imply that the corporation is organized for any purpose other than the initial business indicated in this article.

ARTICLE 3

The total number of authorized shares cannot be blank or "Not Applicable." The number of authorized shares must be greater than zero.

3. Authorized Capital:The Corporation shall have authority to issue 1000 shares of Common Stock.**4. Known Place of Business: (In Arizona)**

The street address of the known place of business of the Corporation is:

4010 E Illinois
Tucson, AZ 85714
ARTICLE 4

May be in care of the statutory agent.

ARTICLE 5

The agent must provide a physical address. If the statutory agent has a P.O. Box, then they must also provide a physical description of their street address/location. The agent must sign the Articles or provide a consent to acceptance of the appointment.

5. Statutory Agent: (In Arizona)

The name and address of the statutory agent of the Corporation is:

Gary Smyth
4010 E. Illinois
Tucson, AZ 85714

**DO NOT PUBLISH
THIS SECTION****ARTICLE 6**

A minimum of 1
director is required.

6. Board of Directors:

The initial board of directors shall consist of 2 director(s). The name(s) and address(es) of the person(s) who is(are) to serve as the director(s) until the first annual meeting of shareholders or until his(her)(their) successor(s) is(are) elected and qualifies is(are):

Name: Gary Smyth
Address: 4010 E. Illinois
City, State, Zip: Tucson, AZ 85714

Name: Lisa Sullivan
Address: 4010 E. Illinois
City, State, Zip: Tucson, AZ 85714

Name: _____

Name: _____

Address: _____

Address: _____

City, State, Zip: _____

City, State, Zip: _____

The number of persons to serve on the board of directors thereafter shall be fixed by the Bylaws.

ARTICLE 7

A minimum of 1
incorporator is
required. All
incorporators must
sign both the
Articles of
Incorporation and
the Certificate of
Disclosure.

7. Incorporators:

The name(s) and address(es) of the incorporator(s) is (are):

Name: Gary Smyth
Address: 4010 E. Illinois
City, State, Zip: Tucson, AZ 85714

Name: _____
Address: _____
City, State, Zip: _____

All powers, duties and responsibilities of the incorporators shall cease at the time of delivery of these Articles of Incorporation to the Arizona Corporation Commission.

8. Indemnification of Officers, Directors, Employees and Agents:

The Corporation shall indemnify any person who incurs expenses or liabilities by reason of the fact he or she is or was an officer, director, employee or agent of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another Corporation, partnership, joint venture, trust or other enterprise. This indemnification shall be mandatory in all circumstances in which indemnification is permitted by law.

9. Limitation of Liability:

To the fullest extent permitted by the Arizona Revised Statutes, as the same exists or may hereafter be amended, a director of the Corporation shall not be liable to the Corporation or its stockholders for monetary damages for any action taken or any failure to take any action as a director. No repeal, amendment or modification of this article, whether direct or indirect, shall eliminate or reduce its effect with respect to any act or omission of a director of the Corporation occurring prior to such repeal, amendment or modification.

DO NOT PUBLISH
THIS SECTION

Executed this 11th day of April, 2011 by all of the
incorporators.

Signed: [Signature]

Gary Smyth

Print Name Here

Print Name Here

PHONE (520) 495-5771

FAX (520) 838-8778

Phone and fax
numbers are
optional

The agent must
consent to the
appointment by
executing the
consent.

Acceptance of Appointment By Statutory Agent

The undersigned hereby acknowledges and accepts the appointment
as statutory agent of the above-named corporation effective

This 11th day of April, 2011.

[Signature]

Signature

Gary Smyth

Print Name Here

Tierra Linda Water Company

[If signing on behalf of a company serving as
statutory agent, print company name here]

The Articles must
be accompanied by
a Certificate of
Disclosure,
executed within 30
days of delivery to
the Commission, by
all incorporators.

CERTIFICATE OF DISCLOSURE

A.R.S. §10-202(D) (for-profits and financial institutions) or §10-3202(D) (nonprofits)

Tierra Linda Water Company, Inc
EXACT CORPORATE NAME

- A. Has any person (i) who is currently an officer, director, trustee, incorporator, or (ii) (for-profits and financial institutions only) who controls or holds over 10% of the issued and outstanding common shares or 10% of any other proprietary, beneficial or membership interest in the corporation been:
1. Convicted of a felony involving a transaction in securities, consumer fraud or antitrust in any state or federal jurisdiction within the seven-year period immediately preceding the execution of this Certificate?
 2. Convicted of a felony, the essential elements of which consisted of fraud, misrepresentation, theft by false pretenses, or restraint of trade or monopoly in any state or federal jurisdiction within the seven-year period immediately preceding the execution of this Certificate?
 3. Subject to an injunction, judgment, decree or permanent order of any state or federal court entered within the seven-year period immediately preceding the execution of this Certificate wherein such injunction, judgment, decree or permanent order:
 - (a) Involved the violation of fraud or registration provisions of the securities laws of that jurisdiction; or
 - (b) Involved the violation of the consumer fraud laws of that jurisdiction; or
 - (c) Involved the violation of the antitrust or restraint of trade laws of that jurisdiction?

Yes _____ No ☒

B. IF YES, the following information MUST be attached:

1. Full name, prior name(s) and aliases, if used.
2. Full birth name.
3. Present home address.
4. Prior addresses (for immediate preceding 7-year period).
5. Date and location of birth.
6. The nature and description of each conviction or judicial action, including the date and location, the court and public agency involved and file or cause number of case.

- C. Has any person (i) who is currently an officer, director, trustee, incorporator, or (ii) (for-profits and financial institutions only) who controls or holds over twenty per cent of the issued and outstanding common shares or twenty per cent of any other proprietary, beneficial or membership interest in the corporation served in any such capacity or held a twenty per cent interest in any other corporation in any jurisdiction on the bankruptcy or receivership of the other corporation?

Yes _____ No ☒

IF YOUR ANSWER TO THE ABOVE QUESTION IS "YES", YOU MUST ATTACH THE FOLLOWING INFORMATION FOR EACH CORPORATION:

1. Name and address of the other corporation.
2. Full name (including aliases) and address of each person involved.
3. State(s) in which the other corporation:
 - (a) was incorporated.
 - (b) has transacted business.
4. Dates of corporate operation.
5. Case information for bankruptcy or receivership (date, case number, court).

Under penalties of law, the undersigned incorporator(s)/officer(s)/director(s) declare(s) that I(we) have examined this Certificate, including any attachments, and to the best of my(our) knowledge and belief it is true, correct and complete, and hereby declare as indicated above.
THE SIGNATURE(S) MUST BE DATED WITHIN THIRTY (30) DAYS OF THE DELIVERY DATE.

BY BY PRINT NAME GARY SmythPRINT NAME Lisa SullivanTITLE PresidentDATE 4/11/11TITLE V.P., Sect, TreasDATE 4/11/11

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FOREIGN CORPORATIONS: MUST BE SIGNED BY AT LEAST ONE DULY AUTHORIZED OFFICER OF THE CORPORATION.

FINANCIAL INSTITUTIONS: MUST BE SIGNED BY TWO (2) DULY AUTHORIZED OFFICERS OR DIRECTORS OF THE CORPORATION.



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CORPORATIONS DIVISION

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Appendix “D”

Water System Assets

Real Estate

- 0.68 acre wellsite, dkt. 10209, pg. 2027
- non-exclusive right to 20' wide utility and access easement to wellsite located within lot 20 of Tierra Linda, Dkt. 17, Pg. 92
- non-exclusive right to 50' wide private ingress/egress & utility easement to wellsite located within lot 53 of Tierra Linda Nueva, Bk. 59, Pg. 3.

Structures and Improvements

- wellsite fencing and gates
- wellsite concrete slabs
- wellsite gravel and riprap

Wells and Springs

- well with 12" casing

Pumping Equipment

- 25 hp submersible pump
- 450 lf drop pipe, cable and sounding tube
- Two 10 hp and one 50 hp booster pumps
- piping, valves, flow meters, supports
- electrical equipment and panels
- compressor and related piping, valves and fittings
- 5000 gallon hydro-pneumatic tank, valves, fittings and connection

Distribution Reservoirs and Standpipes

- wellsite ductile iron pipe, fittings and connections
- 400,000 gallon storage tank, piping, fittings and connections
- 8" elevated overflow and supports

Transmission and Distribution Mains

- 1,520 lf 12" mains, (4) 12" valves
- 6,922 lf 8" mains, (31) 8" valves
- 1,000 lf 6" mains, (0) 6" valves
- (15) 2" DVAs

Services

- Phase 1: 37 single water services, 40 double water services, 2 irrigation services
- Phase 2: 22 single water services, 13 double water services

Meters and Meter Installations

- 60 5/8" x 3/4" meters

Hydrants

- Phase 1: 15 hydrants
- Phase 2: 8 hydrants

Other Plant and Misc. Equipment

- chlorination system
- cellular phone connection to telemetry system

Water Hose for blowing off dead ends	Value	\$200.00
One Meter and a Couple of Fittings	Value	\$150.00

Appendix “E”

PERSONAL FINANCIAL STATEMENT

Gary Smyth
April 28, 2011

Assets	Amount in Dollars
Cash - checking accounts	\$ 154,593
Certificates of deposit	-
Securities - stocks / bonds / mutual funds	60,000
Notes & contracts receivable	-
Life insurance (<i>cash surrender value</i>)	10,000
Personal property (<i>autos, jewelry, etc.</i>)	120,000
Retirement Funds (<i>eg. IRAs, 401k</i>)	-
Real estate (<i>market value of home</i>)	800,000
Real estate (<i>other</i>)	1,590,000
Other assets (<i>Business</i>)	2,513,953
Other assets (<i>Water Companies</i>)	670,000
Total Assets	\$ 5,918,546

Liabilities	Amount in Dollars
Current Debt (<i>Credit cards, Accounts</i>)	N/A
Notes payable (<i>describe below</i>)	N/A
Taxes payable	N/A
Real estate mortgages (<i>describe</i>)	N/A
Other liabilities (<i>specify</i>)	N/A
Other liabilities (<i>specify</i>)	N/A
Total Liabilities	\$ -
Net Worth	\$ 5,918,546

	4/28/11
Gary Smyth	Date